

## Message Text

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PAGE 01 MOSCOW 14081 022059Z

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ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

SAJ-01 EB-07 AID-05 /079 W

----- 100357

R 021853Z OCT 75

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 5118

INFO AMEMBASSY BANGKOK

AMEMBASSY CANBERRA

AMCONSUL HONG KONG

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY LONDON

AMEMBASSY MANILA

AMEMBASSY PARIS

AMEMBASSY RANGOON

AMEMBASSY SINGAPORE

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

AMEMBASSY VIENTIANE

USLO PEKING

CINCPAC

C O N F I D E N T I A L MOSCOW 14081

E.O. 11652 GDS

TAGS: PFOR, UR, XC

SUBJECT: SOVIET-INDONESIANS RELATIONS: AID AND COURTSHIP

REF: A. MOSCOW 13383 B. JAKARTA 13769 (1974)

1. SUMMARY. INDONESIAN DCM DJANI TOLD EMBASSY OFFICERS SEPTEMBER 30 THAT A SOVIET TEAM HAD NEARLY COMPLETED ITS STUDY ON THE ASAHAN HYDRO-POWER PROJECT IN INDONESIA AND WOULD PROBABLY SIGN THE CONTRACT TO BUILD THE PROJECT IN THE NEXT FEW MONTHS. HE SPOKE OF SOVIET EFFORTS TO WOO INDONESIA BUT IMPLIED THAT THEY COULD BE  
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COUNTER-PRODUCTIVE IF MOSCOW DOES NOT ACCEPT JAKARTA

COMMITMENT TO GENUINE NON-ALIGNMENT. END SUMMARY.

2. DJANI SAID THAT A TEAM OF SOVIET ENGINEERS AND TECHNICAL SPECIALISTS HAD RECENTLY RETURNED FROM ABOUT TWO MONTHS STUDYING THE ASAHAN PROJECT. THE SOVIETS HAVE NEARLY FINISHED THEIR REPORT, SAID DJANI, AND ARE ALMOST CERTAIN TO GET THE CONTRACT TO GO AHEAD WITH CONSTRUCTION. THIS WOULD BE THE FIRST OF SIX PROJECTS BEING CONSIDERED UNDER THE SOVIET CREDIT SIGNED DURING FOREIGN MINISTER MALIK'S VISIT TO MOSCOW LAST DECEMBER. (DJANI DID NOT SPECIFY WHAT THE OTHER OTHERS WERE, BUT INDICATED THAT THE ASAHAN PROJECT WAS THE LARGEST.) HE SAID THAT THE CONTRACT COULD BE SIGNED BEFORE THE END OF THE YEAR. HE HAD NO WORD ON A POSSIBLE GROMYKO VISIT TO INDONESIA, BUT SPECULATED THAT THE SIGNING OF THIS CONTRACT COULD BE TIMED TO COINCIDE WITH SUCH A VISIT.

3. DJANI SAID THAT ONE OF THE QUESTIONS STILL TO BE WORKED OUT IS THE METHOD AND TERMS OF PAYMENT, ALTHOUGH THE TERMS OF THE CREDIT (4-1/2 PERCENT) WERE SPELLED OUT IN THE AGREEMENT. THE SOVIETS WOULD LIKE TO TIE AID PAYMENTS TO TRADE IN A KIND OF BARTER ARRANGEMENT. BUT INDONESIA INSISTS ON HARD CURRENCY PAYMENT FOR ITS EXPORTS IN ORDER TO PAY FOR IMPORT OF INDUSTRIAL GOODS FROM THE WEST AND JAPAN.

4. ON POLITICAL RELATIONS, DJANI REPEATED THAT "THEY ARE COURTING US," BUT HE FELT THAT MOSCOW'S ATTITUDE ABOUT INDONESIA AND ABOUT ASEAN GENERALLY WAS INCONSISTENT. "WE KEEP TELLING THEM," HE SAID, "THAT INDONESIA REALLY MEANS TO REMAIN NON-ALIGNED, TO CONCENTRATE ON REGIONAL AFFAIRS AND TO PROMOTE NATIONAL RESILIENCY AND THAT THEY SHOULD BE SATISFIED WITH THIS MUCH." DJANI'S REMARKS SUGGESTED THAT MOSCOW IS SEEKING ACTIVELY TO PROMOTE CLOSER RELATIONS AND TO ENLIST INDONESIAN SUPPORT AGAINST THE EXPANSION OF PRC INFLUENCE.

4. LIKE MANY INDONESIANS, DJANI DISPLAYED INTENSE PERSONAL RANCOR TOWARD THE ECONOMIC POWER OF "THE CHINESE" IN INDONESIA, FAVORING FURTHER LIMITS ON THEIR ACTIVITY AND A LARGER GOVERNMENTAL ROLE IN THE NATION'S ECONOMY. AT ONE POINT HE SAID, "WE WILL HAVE TO GET RID OF THEM." HE LINKED THIS ATTITUDE TO POLICY TOWARD PEKING AND POINTED TO THE RECENT UPSURGE IN

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INSURGENT ACTIVITY IN MALAYSIA AND EVIDENCE THAT DIPLOMATIC RELATIONS WITH PEKING DO NOT PREVENT CHINESE SUPPORT FOR INSURGENCIES. INDONESIA WAS BURNED ONCE AND IS IN NO HURRY TO GIVE PEKING ANOTHER CHANCE. BUT THIS DOES NOT MEAN THAT INDONESIA SEES ANY ADVANTAGE IN SIDING WITH MOSCOW AGAINST PEKING, HE SAID.

5. COMMENT. DJANI'S COMMENTS IN THIS AND PREVIOUS CONVERSATIONS

(REF A PARA 4) INDICATE THAT THE SOVIETS ARE DOING EVERYTHING  
THEY CAN TO INCREASE THEIR INFLUENCE IN INDONESIA BUT THAT  
THEIR ARDOR COULD PROVE COUNTERPRODUCTIVE IF PUSHED TOO HARD.  
HIS MESSAGE WAS THAT MOSCOW SHOULD BE SATISFIED WITH HALF A  
LOAF--THAT IS, GOOD BILATERAL RELATIONS AND GENUINE NON-ALIGNMENT  
--AND NOT SEEK THE WHOLE LOAF OF A MORE INTIMATE RELATIONSHIP.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Copy:** SINGLE  
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